Status of Indo-Pak-Iran gas pipeline project

†253. SHRI PYARELAL KHANDELWAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the disputes arising in Indo-Pak-Iran gas pipeline project have been settled;

(b) if so, by when the multi purpose project is likely to be introduced; and

(c) if not, the present position of this project?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) India has been pursuing the import of natural gas from Iran through the Iran-Pakistan-India (IPI) transnational gas pipeline. Various important issues are under discussion amongst the participating countries.

Such multilateral projects involve protracted discussions, as all the aspects have to be carefully examined and deliberated upon to the satisfaction of the participating countries to protect each country's interests as also to avoid any future problems in the successful operation of the project. As such, the project can be finalized only after satisfactory resolution of the issues under discussion.

IRR for oil/gas exploration projects

254. SHRI TAPAN KUMAR SEN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the normal Internal Rate of Return (IRR) for deep water oil/gas exploration development projects worldwide;

(b) whether the IRR for joint venture/private oil/gas exploration companies in India are comparatively much higher;

(c) if so, the reasons therefor; and

(d) if not, company-wise (including RIL-NIKO), IRR for joint venture/private oil/gas producing companies in India?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (d) Internal Rate of Return (IRR) for Joint venture/ private oil/gas exploration companies cannot be compared between companies due to different assumptions adopted in this business. There are many factors such as size of reserves, nature of discovery, volatility of price, production profile, success rate to affect the rate of return.

In production sharing contracts in India, Oil & Gas Companies participate as joint venture partners. The IRR of these companies as joint venture partners in Deep water oil/gas exploration development projects can not be precisely calculated since IRR is a post-tax incidence. The income tax to be paid by the joint venture partners is assessed as a whole, taking into consideration of other incomes, allowances deductions, losses of set-off of losses from any other contract area or business of such contractor. This coupled with other uncertain factors may affect adversely the net IRR of any project. Mention can be made of few of such factors:

†Original notice of the question was received in Hindi.